



Environmental Services Division

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ECONOMIC NEWS, PRODUCTION CUTS DRIVE FUEL PRICES

DES MOINES – Oil and gasoline prices have remained relatively stable over the last three months.

“Bad economic news tends to drive fuel demand and prices down. On the other hand, production cuts by oil producers and gasoline refiners cause upward pressure on prices,” said Tommi Makila, Iowa Department of Natural Resources (DNR) Energy Policy Analyst. “It seems these two opposite forces have been canceling each other out.”

Motor Fuels

The March 16 average price of 10 percent ethanol blended mid-grade gasoline in Iowa was \$1.80 per gallon, which is 42 percent lower than the March 2008 price of \$3.13 per gallon of the same blend. The March 16 average price for diesel in Iowa was \$1.95 per gallon, which is 51 percent lower than the March 2008 price of \$3.94. For Iowa metro area averages, visit:

http://www.energy.iowa.gov/Newsroom/fuel_price.html

Self-Serve	3/16/09	2/17/09	Difference
Regular Unleaded with 10% Ethanol	\$1.80	\$1.84	-\$0.04
Regular Unleaded	\$1.86	\$1.89	-\$0.03
Premium Unleaded	\$1.95	\$1.98	-\$0.03
Diesel	\$1.95	\$2.16	-\$0.21
Source: Oil Price Information Service, www.opisnet.com			

Crude Oil

On March 16, a barrel of West Texas Cushing Sweet Crude Oil settled at \$47.35. The price is a 26 percent increase over February's price of \$37.51 and 58 percent lower than the March 2008 price of \$111.80.

Heating Fuels

On March 16th, natural gas was trading at \$3.80/MMBtu, which is \$5.42 lower than one year ago, a 59 percent decrease. The U.S. Department of Energy, Energy Information Administration reports that working natural gas in storage as of March 6, 2009 was 1,681 billion cubic feet (Bcf), 197 Bcf above the 5-year average (2004-2008), and 271 Bcf higher than the level during the corresponding week last year.

A survey completed by the DNR on March 16, 2009, indicated that the average retail price of propane in Iowa was \$1.62, which is \$0.49 lower than the price of propane at this time last year. The same survey found that heating oil is selling in Iowa for an average of \$1.60 per gallon across the state, which is \$1.94 lower than the price in March of last year, a 55 percent decrease.

According to the U.S. census estimate, 67 percent of Iowa households use natural gas to heat their homes. Fifteen percent use electricity, 14 percent propane, 1.5 percent wood and 1.4 percent fuel oil.

Heating Fuel Type	3/16/09	2/16/09	Difference
Natural Gas*	3.80/MMbtu	4.60/MMbtu	-\$0.80/MMbtu
Propane**	\$1.62	\$1.71	-\$0.09
#2 Heating Oil**	\$1.60	\$1.75	-\$0.15
*Source: Wall Street Journal, **Source: IDNR			